



LEROY D. BACA, SHERIFF

County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
Monterey Park, California 91754-2169



April 3, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

**ADVANCE NOTIFICATION OF INTENT TO ENTER INTO NEGOTIATIONS
FOR SOLE SOURCE MASTER LEASE PURCHASE AGREEMENT THROUGH
HEWLETT PACKARD FINANCIAL SERVICES LEASING TO PROVIDE COMPUTER
HARDWARE, SOFTWARE, MAINTENANCE, AND DATA MIGRATION UPGRADE
SERVICES FOR THE SHERIFF'S DEPARTMENT SUPERDOME AND STORAGE
INFRASTRUCTURE**

SUBJECT

This letter provides advance notification to your Board that the Los Angeles County (County) Sheriff's Department (Department) intends to enter into negotiations for a Sole Source Master Lease Purchase Agreement (MLPA) with Hewlett Packard (HP) that will include computer hardware, software, maintenance, and data migration upgrade services for the Department's HP Superdome and storage infrastructure.

BACKGROUND

On June 29, 2004, your Board approved Agreement Number 74999 (Agreement) with Logicalis, Inc. to provide the Department with server consolidation, maintenance, and services. The Agreement resulted in the acquisition of multiple HP Superdome servers and storage devices. The Agreement expired on June 30, 2009.

The objective of the Server Consolidation Agreement (SCA) was to reduce Information Technology (IT) infrastructure maintenance costs and to provide the Department's business automation and IT infrastructure with sustainable growth for a period of five years. Over the last seven years, the Department's continuous business demands for

A Tradition of Service

automation and critical infrastructure support services has consumed all of the available capacity that was originally acquired through the server consolidation effort.

Maintenance for the existing HP hardware (now two years beyond the five-year coverage established through the original SCA) is currently acquired through the County's Internal Services Department's Information Technology Support Services Master Agreement. The costs have begun to increase significantly and will continue to increase dramatically if no action is taken.

The Department has performed a comprehensive technical analysis of the requirements to upgrade the existing HP Superdome and storage infrastructure. As a result of this analysis, the recommended upgrade solution is expected to double the existing computing and storage capacities.

The goals of the upgrade are two-fold:

1. Resolve the computing and storage capacity shortfall by providing the Department with an operating environment of sufficient resources to meet current and future computing needs.
2. Eliminate existing and future maintenance support costs for a minimum period of five years. The Department intends to offset the entire cost of the upgrade with the resulting savings from the elimination of support costs for the existing HP Superdome. The current cost of maintenance on the existing system is extremely high due to the age of the hardware. The funds currently allocated for maintenance will fully offset the cost of the upgrade over the five-year payment schedule at no cost to the Department.

Should the upgrade not occur, the impact on the Department's business automation process would be catastrophic as most of its custody and patrol functions are now fully dependent upon the automated processes running on and supported by the existing IT infrastructure and software environment.

- The current environment is now more than seven years old and approaching "end-of-life." The storage capacity is fully utilized with no remaining available capacity for new applications or the expansion of existing applications.
- Several of the automated systems hosted on the current environment would not have the additional computing and storage resources necessary for required application upgrades or to accept additional data.
- As the majority of these systems continue to add users and new data, the performance on the aging HP environment may degrade to a point where they essentially become unusable forcing the Department to resort to manual processes.

Migrating the applications and data to an alternative platform such as IBM's pSeries servers and AIX operating system would be untenable as it would entail a significant increase in costs to the Department due to the need for additional hardware, new software licensing costs, and consulting services required to migrate to a new and unfamiliar platform. Finally, Department personnel that currently support the existing infrastructure would require extensive training on any new hardware and operating system platform chosen to replace the current infrastructure.

FISCAL IMPACT/FINANCING

The Department has allocated ongoing funds for maintenance and support of the existing HP Superdome. The cost of the MLPA from HP, estimated at \$4,998,000 will be funded by the Department's existing allocation for HP Superdome maintenance, resulting in no additional cost to the Department over the course of five years.

Fiscal Year	FY2012	FY2013	FY2014	FY2015	FY2016	Total Cost
Projected current Superdome Annual Support Cost	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000
Estimated Superdome 2 Annual 0% Lease Payment New Equipment, Migration + 5 Year Support	\$999,600	\$999,600	\$999,600	\$999,600	\$999,600	\$4,998,000

The Department will engage the Chief Executive Office's Capital Projects/Debt management office to review the financing terms proposed by HP and to either make a recommendation to proceed or propose an alternative financing mechanism.

SOLE SOURCE JUSTIFICATION

HP is the sole manufacturer of HP Superdome, HP 3Par, and the HPUX operating systems. Reseller partners are allowed to resell these products only with the authorization of HP. Any special pricing must be approved by HP and will be provided to an end-user customer by HP directly or through a single partner that HP has approved for the specific customer. HP is offering this Superdome upgrade as a direct sale and will not be providing special pricing to any reseller partner.

During data migration it is vital that maintenance of the existing system continues uninterrupted. Therefore, a required provision of the MLPA is to include a 90-day "System Acceptance Period (SAP)" with a no payment clause on the lease until the upgrade and data migration is fully completed and accepted by the Department.

The coordination of the 90-day SAP and subsequent transition of maintenance payments for the old HP Superdome system to lease payments for the new system is a critical factor in eliminating any additional costs to the County.

The Department believes it is in the County's best interest to upgrade the HP Superdome and storage infrastructure with equal HP products to ensure the preservation of the established operating environment, infrastructure, and skill set that technical personnel have acquired for nearly a decade supporting these systems. The Department's investment in training and the experience gained in supporting the existing HP Superdome infrastructure is an integral and tangible asset that the Department would be well-served in maintaining for the consistency and stability of its operation. The proposed strategy of upgrading this environment also affords a seamless transition to the newest HP Superdome technology with no change to the application code, no additional training required, and no impact on Department resources that would otherwise be incurred if there is a platform change.

The Chief Information Office has reviewed this proposal and concurs with this Sole Source approach.

Pursuant to Board policy, the Department will engage in Sole Source negotiations with HP in two weeks, unless otherwise instructed by your Board. Should additional information be requested, your staff may contact Contract Manager Angelo Faiella at (323) 526-5183.

Sincerely,



LEROY D. BACA
SHERIFF